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UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE  
ROOM 403 U S CUSTOMHOUSE 610 SOUTH CANAL STREET  
CHICAGO, ILLINOIS 60607

MAR 12 1971

Mr. Kenneth A. Dunbar, Manager  
Chicago Operations Office  
Atomic Energy Commission  
9800 South Cass Avenue  
Argonne, Illinois 60439

Dear Mr. Dunbar:

We have made a review for the settlement of accounts of the certifying officers of the Chicago Operations Office, Atomic Energy Commission (AEC), Argonne, Illinois, for the period through June 30, 1970. The review, completed in January 1971, was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We also invite your attention to letter number B-161457, dated August 1, 1969, from the Comptroller General of the United States to the Heads of Federal Departments and Agencies. This letter notified agencies of revised audit emphasis by GAO and reemphasized to the heads of each agency or department their responsibility (1) to maintain adequate accounting and internal controls, including internal auditing, to provide assurance of the legality, propriety, and correctness of disbursements and collections of public funds, and (2) for the functions of their accountable officers.

Our review was directed primarily toward the settlement of the certifying officers' accounts, and included an examination of administrative procedures and controls relating to the collection and disbursement of funds, and such tests of individual financial transactions as we considered appropriate. In establishing the scope of our review we considered the most recent internal audits of the activities of the Chicago Operations Office by the Audit Branch, Finance Division, Chicago Operations Office and by the field audit staff, Office of the Controller, AEC. Program operations were not included in this review.

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Our review did not disclose any significant weaknesses in administrative procedures and controls. However, we did note in our tests of individual financial transactions the following matters relating to payroll disbursements. In discussions with you and members of your staff, we were advised that corrective action has been instituted on these items.

--Two employees were paid \$1,190 for military leave without subsequently furnishing adequate supporting documents concerning their military status.

--In one instance the Chicago Operations Office was aware of, but had not corrected, for a period of about 2 years an employee's incorrect service computation date which had been furnished to the Treasury Department for use as the basis of certain personnel actions.

--The Chicago Operations Office retirement fund and bond account balances were not in agreement with the corresponding Treasury Department account balances. Small reconciling items were carried in both of these accounts, without correction, for about 3 years.

--The Chicago Operations Office had not officially designated as timekeepers, or alternate timekeepers, the employees who were performing these functions.

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In accordance with Chapter 3, Title 8 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, the records of financial transactions through June 30, 1970, may be transmitted to the Federal Records Center for storage as provided by your agency's over-all records management program.

A copy of this report is being sent to the Controller, AEC.

We wish to acknowledge the cooperation extended to our representatives during this review, and would appreciate being advised of the final action taken on these matters.

Sincerely yours,

*M. R. Wolfson*  
M. R. Wolfson  
Regional Manager